U.S. Department of Transportation

National Highway Traffic Safety Administration

ODI RESUME

OFFICE OF DEFECTS INVESTIGATION

NHTSA

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Investigation: AQ 18-003
Prompted by:
Date Opened: 07/19/2018 **Date Closed:** 12/06/2021
Investigator: Choon Lee **Reviewer:** Alexander Ansley
Approver: Stephen Ridella
Subject: Recall Administration Concerns

MANUFACTURER & PRODUCT INFORMATION

Manufacturer: Diono
Products: Certain Diono child seats manf. between 11/25/13 and 9/5/17
Population: 519,052

Problem Description: This audit query was opened to determine whether Diono (formerly Sunshine Kids Juvenile) complied with the National Traffic and Motor Vehicle Safety Act (Safety Act).

ACTION / SUMMARY INFORMATION

Action: AQ Closed.

Summary:

On September 14, 2017, Diono LLC (Diono) submitted a Part 573 Recall Report to the National Highway Traffic Safety Administration (NHTSA) describing various noncompliances with Federal Motor Vehicle Safety Standard (FMVSS) No. 213 in 519,052 child restraints manufactured by Diono (NHTSA Recall No. 17C-003). On July 19, 2018, NHTSA opened Audit Query (AQ) 18-003 to better understand and evaluate Diono's compliance with its Safety Act obligations. On July 20, 2018, NHTSA sent an Information Request (IR) letter to Diono requesting information as part of its AQ18-003 investigation.

NHTSA's inquiry led it to determine that Diono had violated several provisions of the Safety Act, and regulations thereunder. Diono did not dispute that certain violations did occur. Rather, Diono asserted that the principal violations were committed by past employees and prior ownership. Diono represented that a new Chief Executive Officer (CEO) formally joined Diono in November 2017, and that since that time, the organization has been overhauled and new policies and processes have been put in place.

NHTSA and Diono entered into a Consent Order on January 19, 2021, to resolve AQ18-003. As part of the Consent Order, Diono agreed to pay a civil penalty of one hundred and twenty thousand dollars ($120,000) and agreed that an additional civil penalty of three hundred eighty thousand dollars ($380,000) (Abeyance Amount) would be deferred and held in abeyance pending Diono's satisfactory completion of the requirements of this Consent Order. Failure to comply with the Safety Act or terms of the Consent Order may result in the Abeyance Amount or portions thereof coming due.

In the Consent Order, Diono also agreed to several performance obligations. Diono is required to have a consultant advise and assist Diono to develop a training plan and to train Diono employees on topics such as the Safety Act and regulations. The consultant is also required to conduct an audit of Diono's compliance with the Safety Act and regulations thereunder. Diono is required to submit to NHTSA a written report from its consultant detailing the factual findings and recommendations of the audit. Diono is also required to provide a detailed statement to NHTSA regarding any new or revised procedures that address the result of the audit and the recommendations of the consultant. Diono has agreed to repurchase or replace seats recalled under NHTSA Recall No. 17C-003, for those owners who need to use the seat in a harness mode for children over sixty-five (65) pounds with a lap belt only and who do not have a tether anchorage available, under certain terms and conditions. Diono also agreed to provide supplemental reports to NHTSA relating to its early warning reporting, by providing a statement to NHTSA's Trends Analysis Division (TAD) if it does not have any information to report for that quarter. The Consent Order also requires Diono and its consultant to have quarterly meetings to discuss the actions Diono has taken to satisfy the terms of the Consent Order.

Based on the Consent Order, this audit query investigation, AQ18-003, is closed. Closure of this AQ has no bearing on the terms of the Consent Order, including Diono's ongoing performance obligations or legal obligations, and does

not represent a determination by NHTSA as to Diono's performance under the Consent Order to date.